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CITY MANAGER

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January 8, 2003

Mr. Tom Wilson
City Manager
City of Milpitas
455 E. Calaveras Blvd.
Milpitas, CA 05035-5411


Dear Tom:

RGC CourtHomes, Inc. is under contract to purchase the Lockheed Martin 7.4-acre site in Milpitas. We are preparing a submittal for a Tentative Tract Map for the approximately 282-home Parc North Community. After a number of meetings with staff, we believe the plan meets the zoning, density and goals of the Mid Town Plan. A timetable for approval of the project has been prepared and agreed upon by staff.

While we believe the majority of the homes will be affordable to moderate income households, the developer is prepared to restrict ten percent of homes (approximately 28 homes to households with income of 90% to 120% of median income). Five percent of the homes (approximately 14 homes) as selected by the developer would be restricted for low-income households earning 80% of median income. The plan provides for the improvement of Curtis Avenue as a pedestrian-oriented street with center median and linear park/trail/bicycle path on the north side (Lockheed side) of street. This linear park will connect the two large existing public parks at the west and east ends of Parc Metropolitan on the south side of Curtis Avenue.

The developer is prepared to make these improvements to Curtis Avenue at its cost. We believe the approval and construction of this community will accelerate the implementation of the Mid Town Plan and provide a clear example for the City to use as a vision statement.

The community will be entirely for-sale townhomes and condominiums with very attractive architecture compatible with neighboring Parc Metropolitan. Projections indicate the completion of the community will increase the assessed valuation of the property by over \$100,000,000. Based on the Parc Metropolitan experience, we expect the household size to average only slightly more than two persons. While this means only a few school-age children, Zanker Elementary School has already been expanded to accommodate additional students. Thus, this new community should generate very substantial additional revenue without additional burdens on the schools and only moderate impact on City services.



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In view of these myriad benefits to the City, the developer seeks the following assistance from the City to ensure the financial viability of the community in meeting the goals of the City.

- 1) Waiver of all City fees for the forty-two restricted units (consistent with Parc Metropolitan).
- 2) City assistance by means of a silent second loan in the amount of \$50,000 for each of the 14 low-income restricted units. (Consistent with Parc Metropolitan)
- 3) Waiver of all parkland dedication and in-lieu fees for all units since developer is improving Curtis right-of-way as a linear park to connect two existing parks
- 4) Waiver of traffic impact and Montegue Expressway fees since developer is improving Curtis and Hammond

We believe certain development criteria as set forth below are necessary for the project and acceptable by the staff, but memorialization in an agreement would prevent future confusion.

- 1) Credit for parking of 38 spaces on Curtis and Hammond because of the high-density nature of the community.
- 2) One compact garage parking space of 15' depth in a two-car garage.
- 3) Allow garage width to be 17' inside wall to wall, and depth of 18' for standard space.
- 4) Allow projection of stairs over hood zone in garage with a minimum 5' clear height from floor.
- 5) Allow a 2' to 3' building encroachment easement along Curtis for building projections at second floor but not a footprint condition.



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We look forward to working beneficially again with the City to create another landmark high-density urban living environment for the City of Milpitas.

Sincerely,

RGC CourtHomes, Inc.

E. James Murar

EJM/jm